(b) The volatility in securities markets is a function of the perception of investors—domestic and overseas, retail and institutional—about the economy, the sector and the company. This perception is influenced by many factors including the macro-economic environment, growth potential of the economy, corporate performance, domestic and international events, and market sentiments.

(c) The volatility is inherent in stock markets. The authorities normally do not react unless volatility is attributed to manipulation in the market. Exchanges have, however, been directed by SEBI to analyse steep falls and rises in the market to detect untoward patterns or skewed concentrations. Preliminary analysis does not reveal such findings.

(d) and (e) SEBI and the Exchangers have put in place system and practices to promote a safe, transparent and efficient market and to protect market integrity. The systems include advanced risk management mechanisms comprising on-line monitoring and surveillance and various limits on positions, margin requirements, circuit filters, etc. which reduce the scope for excessive volatility in the market Exchanges have been advised by SEBI to keep enhanced real time vigilance on volatility and deviance, if any, in the market.

**Peerless General Finance and Investment Company Ltd.**

207. SHRI TAPAN KUMAR SEN:
SHRI PRASANTA CHATTERJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether the Peerless General Finance and Investment Company Ltd., a Residuary Non-Banking Company (RNBC) has been directed through RBI to wind up its residuary non-banking business within a period of three years;

(b) if so, the reasons therefor; and

(c) whether any other RNBC has been given such direction, and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The Residuary Non-Banking Companies (RNBC) regulations have been constantly evaluated and reviewed keeping in view the interest of the depositors. Reserve Bank of India (RBI) is of the view that in the changed regulatory environment, the existing business model of RNBCs may not remain viable and sustainable in the longer time-frame. Accordingly, all the companies have been advised to recognize this change and evolve an alternate business model instead of continuing with RNBC business, within a proposed time frame of three years.

**Upgradation of Nationalized Banks**

208. SHRI JAI PARKASH AGGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government have taken steps to upgrade the nationalized banks to the international level and to provide all those facilities in the nationalized banks which are being easily provided to the customers by the International banks; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) To ensure smooth and efficient functioning of banking sector in general and public sector banks (PSBs) in particular and to enable them to complete at international level, Reserve Bank of India (RBI) has prescribed measures/guidelines for strengthening of prudential supervision *viz.* provisioning and classification norms for non-performing assets